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A R T I N I
ARTINI CHINA CO. LTD.
雅天妮中國有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 789)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED
SHARE CAPITAL OF TCK COMPANY LIMITED**

THE DISPOSAL AGREEMENT

The Board announces that on 9 October 2014 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being the entire issued share capital of TCK, at a cash consideration of HK\$16,257,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, as the Purchaser is wholly owned by Mr. Tse, who is the Chairman, an executive Director and a controlling shareholder, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Tse has a personal interest in 7,412,000 Shares, representing approximately 0.60% of the existing issued share capital of the Company and Walifax Investments, a company wholly owned by Mr. Tse, is interested in 542,633,994 Shares, representing approximately 43.86% of the existing issued share capital of the Company. Mr. Tse, Walifax Investments and their respective associates will abstain from voting on the resolution(s) to be proposed at the SGM for approving the Disposal and the transactions contemplated thereunder.

GENERAL

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Disposal. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Disposal Agreement are fair and reasonable and how to vote in respect of the resolution(s) on the Disposal after taking into account the recommendation of the independent financial adviser. Proton Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Disposal as contemplated under the Disposal Agreement.

A circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) a letter of advice from Proton Capital Limited to the Independent Board Committee and the Independent Shareholders regarding the Disposal; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 October 2014.

The Board announces that on 9 October 2014 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being the entire issued share capital of TCK, at a cash consideration of HK\$16,257,000. The principal terms and conditions of the Disposal Agreement are set out below.

THE DISPOSAL AGREEMENT

Date: 9 October 2014

Parties:

Vendor: Artist Star International Development Limited, a company incorporated in BVI with limited liability and is a wholly-owned subsidiary of the Company

Purchaser: Celestial Elite Investments Limited, an investment holding company incorporated in Samoa with limited liability and is wholly owned by Mr. Tse

Assets to be disposed of

Sale Shares: 100 ordinary shares of US\$1.00 each in the issued share capital of TCK, being the entire issued share capital of TCK, free from encumbrances and together with all rights now or hereinafter attached thereto

The Consideration for the Sale Share

The consideration for the Sale Shares shall be HK\$16,257,000 and the Purchaser shall pay to the Vendor the consideration in cash on Completion. The consideration of HK\$16,257,000 was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the consolidated net liabilities (after the amounts due to the holding companies and the fellow subsidiaries as at 31 July 2014 were waived) of TCK of approximately HK\$7,093,000 as at 31 July 2014 and the appreciation of the Property of approximately HK\$23,350,000, which is equal to the difference between the carrying value of the Property of approximately HK\$17,801,000 as at 31 July 2014 and the preliminary appraised value of the Property of approximately HK\$41,151,000 as at 31 August 2014 given by the Valuer.

Conditions precedent

Completion is conditional upon the fulfilment, or waiver by the Purchaser (save for (a) below) of the following conditions:

- (a) the Disposal Agreement having been approved by a simple majority of the Independent Shareholders voting at the SGM convened to approve, among other things, the Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules; and
- (b) the Vendor having duly performed and complied with all agreements, obligations and conditions contained in the Disposal Agreement which are required to be performed or complied with by it on or before Completion, and having obtained all approvals, consents and qualifications necessary to comply with or perform such agreements, obligations and conditions.

All the above conditions will have to be fulfilled or waived, as applicable, on or before 31 December 2014. If the conditions have not been fulfilled or waived on or before such date or by such later date as may be agreed between the Purchaser and the Vendor, then the Disposal Agreement shall thereupon become null and void ab initio and the Purchaser's obligations to purchase the Sale Shares shall lapse.

Completion

Completion shall take place on the fifth (5th) Business Day following the date on which the last of the conditions of the Disposal Agreement has been fulfilled (or otherwise waived) or such other date as the parties may agree in writing on which the Disposal Agreement shall be completed.

INFORMATION ON TCK AND THE WFOE

TCK is an investment holding company incorporated in BVI on 25 November 2004 with limited liability and is a wholly-owned subsidiary of the Company. TCK directly holds the entire equity interest of the WFOE.

The WFOE is a wholly foreign-owned enterprise established in the PRC on 28 March 2002 with limited liability. The operating period of the WFOE is 30 years from 28 March 2002 to 27 March 2032. The registered capital and the total investment amount of the WFOE are HK\$102,600,000 (which has been fully paid) and HK\$108,000,000 respectively.

The WFOE is principally engaged in the manufacture and sale of concurrent design manufacturing (CDM) of fashion accessories. The WFOE concurrently works with its customers in designing and manufacturing the products according to the customers' specified design. The WFOE operates an ornament and jewelry factory and owns the Property comprising four parcels of land with a total site area of approximately 27,892 square meters, 15 buildings mainly including industrial buildings, warehouses and dormitories with a total gross floor area of approximately 38,676 square meters and various structures located at Yuanshanling Industrial Area, Ketang Town, Haifeng County, Shanwei City, Guangdong Province, the PRC. The land and property interests of the Property are valued by the Valuer, based on the market approach, at the amount of approximately RMB32,660,000 (equivalent to approximately HK\$41,151,000) as at 31 August 2014.

Set out below is the unaudited consolidated financial information of TCK for the years ended 31 March 2014 and 2013 respectively:

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---------------------------|---|---|
| | <i>Approximately</i> <i>HK\$'000</i> | <i>Approximately</i> <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Revenue | 59,262 | 85,403 |
| (Loss) before taxation | (86,190) | (47,628) |
| Net (Loss) after taxation | (87,917) | (56,443) |
| Net (liabilities) | (152,868) | (63,806) |

Based on the unaudited consolidated management account of TCK for the four months ended 31 July 2014, the total asset value and net liabilities of TCK as at 31 July 2014 were approximately HK\$25,025,000 and HK\$7,093,000 respectively.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, TCK and the WFOE will cease to be subsidiaries of the Company, and their financial results will cease to be consolidated with the accounts of the Company.

Based on the unaudited consolidated management account of TCK as at 31 July 2014, the Directors expect to recognise an unaudited gain of approximately HK\$23,350,000, being the difference between the consideration for the Disposal of HK\$16,257,000 and the consolidated net liabilities (after the amounts due to the holding companies and the fellow subsidiaries as at 31 July 2014 were waived) of TCK of approximately HK\$7,093,000 as at 31 July 2014. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and is to be determined based on the amount of the consolidated net liabilities of TCK at Completion.

REASONS OF AND BENEFITS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in the design, manufacture, retailing and distribution and concurrent design manufacturing (CDM) of fashion accessories. Upon Completion, the Group will be principally engaged in the design, retailing and distribution of own brand fashion accessories.

The business environment for the manufacture and sale of fashion accessories has been competitive in the past few years and the WFOE has recorded losses for the past three years. In this connection, the Board has been reviewing the operations of the WFOE whose performance was mainly affected by increasing production costs in the recent years and therefore has dragged down the financial performance of the Company as a whole. In view of this, the Disposal is expected to allow the Company to reallocate resources to expand the existing accessories retailing business and retailing business for other types of products with higher growth potential.

Therefore, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that (i) the Disposal and transactions contemplated under the Disposal Agreement represent an opportunity to the Company for realising its loss-making businesses and re-directing its resources to the businesses with growth potential, and are on normal commercial terms and (ii) the terms of the Disposal Agreement, which are determined after arm's length negotiations between the Company and the Purchaser, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

It is expected that the net proceeds from the Disposal in the amount of approximately HK\$15,257,000 (after deducting all relevant fees and expenses) will be used for the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, as the Purchaser is wholly owned by Mr. Tse, who is the Chairman, an executive Director and a controlling shareholder, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Tse has a personal interest in 7,412,000 Shares, representing approximately 0.60% of the existing issued share capital of the Company and Walifax Investments, a company wholly owned by Mr. Tse, is interested in 542,633,994 Shares, representing approximately 43.86% of the existing issued share capital of the Company. Mr. Tse, Walifax Investments and their respective associates will abstain from voting on the resolution(s) to be proposed at the SGM for approving the Disposal and the transactions contemplated thereunder.

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Disposal. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Disposal Agreement are fair and reasonable and how to vote in respect of the resolution(s) on the Disposal after taking into account the recommendation of the independent financial adviser. Proton Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Disposal as contemplated under the Disposal Agreement.

A circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) a letter of advice from Proton Capital Limited to the Independent Board Committee and the Independent Shareholders regarding the Disposal; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 October 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following meaning when used herein:

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| “associates” | shall have the same meaning as ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day that is not a Saturday, Sunday, public holiday or bank holiday in Hong Kong or a day on which a tropical cyclone warning no 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm |
| “BVI” | the British Virgin Islands |
| “Company” | Artini China Co. Ltd., a company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange |

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| “Completion” | completion of the Disposal Agreement in accordance with its terms and conditions |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it in the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Disposal” | the disposal by the Vendor of the Sale Shares to the Purchaser pursuant to the Disposal Agreement |
| “Disposal Agreement” | the conditional sale and purchase agreement dated 9 October 2014 entered into between the Vendor and the Purchaser in relation to the disposal of the entire issued share capital of TCK |
| “Disposal Group” | TCK and the WFOE |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent board committee comprising all the independent non-executive Directors, namely, Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui, formed to advise the Independent Shareholders on the Disposal and the transactions contemplated under the Disposal Agreement |
| “Independent Shareholders” | Shareholders other than Mr. Tse, the Purchaser and any of their associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Tse” | Mr. Tse Hoi Chau, the Chairman, an executive Director and a controlling shareholder |

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| “PRC” | the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement |
| “Property” | four parcels of land with a total site area of approximately 27,892 square meters, 15 buildings mainly including industrial buildings, warehouses and dormitories with a total gross floor area of approximately 38,676 square meters and various structures located at Yuanshanling Industrial Area, Ketang Town, Haifeng County, Shanwei City, Guangdong Province, the PRC |
| “Purchaser” | Celestial Elite Investments Limited, an investment holding company incorporated in Samoa with limited liability and is wholly owned by Mr. Tse |
| “Sale Shares” | the 100 ordinary shares of US\$1.00 each in the issued share capital of TCK, representing the entire issued share capital of TCK |
| “SGM” | the special general meeting of the Company to be convened for, among others, considering, and if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder |
| “Share(s)” | share(s) of HK\$0.10 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TCK” | TCK Company Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary proposed to be disposed of by the Vendor to the Purchaser under the Disposal Agreement |
| “Valuer” | Avista Valuation Advisory Limited, an independent professional property valuer |

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| “Vendor” | Artist Star International Development Limited, a company incorporated in BVI with limited liability and is a wholly-owned subsidiary of the Company |
| “Walifax Investments” | Walifax Investments Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Tse |
| “WFOE” | 超群(海豐)首飾廠有限公司 (Artist Empire (Hai Feng) Jewellery Mfy. Limited), a wholly foreign-owned enterprise established in the PRC with limited liability and is a wholly-owned subsidiary of TCK |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1 = HK\$1.26.

By order of the Board
Artini China Co. Ltd.
Tse Hoi Chau
Chairman

Hong Kong, 9 October 2014

As at the date of this announcement, the executive Directors are Mr. Tse Hoi Chau (Chairman) and Mr. Lin Shao Hua; and the independent non-executive Directors are Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui.